



DEPARTMENT OF
FINANCE

ARNOLD SCHWARZENEGGER, GOVERNOR

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November 17, 2008

Mr. Mark Leary, Executive Director
California Integrated Waste Management Board
1001 Street, MS-1
P.O. Box 4025
Sacramento, CA 95812-4025

Dear Mr. Leary:

Final Report—Calaveras County, California Integrated Waste Management Board Grant Agreements TCU11-03-4 and TCA1-05-20

The Department of Finance, Office of State Audits and Evaluations (Finance), has completed its audit of Calaveras County's (County) Local Government Waste Tire Clean-up Matching Grant TCU11-03-4 and Local Government Waste Tire Clean-up and Amnesty Event Grant TCA1-05-20.

The enclosed report is for your information and use. The County's response to the report findings and our evaluation of the response are incorporated into this final report. In accordance with Finance's policy of increased transparency, this report will be placed on our website.

We appreciate the assistance and cooperation of the County staff. If you have any questions regarding this report, please contact Kimberly Tarvin, Manager, or Beliz Chappuie, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

David Botelho, CPA
Chief, Office of State Audits and Evaluations

Enclosure

cc: Ms. Susan Villa, Branch Manager, Administration and Finance Division, California Integrated Waste Management Board
Mr. Jim Lee, Branch Manager, Waste Compliance and Mitigation Program, California Integrated Waste Management Board
Ms. Diane Nordstrom-Lamkin, Grant Manager, Solid Waste and Tire Clean-Up Programs, California Integrated Waste Management Board
Mr. George Mendoza, Audit Manager, Audit and Evaluation Unit, California Integrated Waste Management Board
Mr. Wes Mindermann, Supervisor, Solid Waste and Tire Clean-up Programs, California Integrated Waste Management Board
Mr. Brian Moss, Director of Environmental Health, Calaveras County

GRANT AUDIT

Calaveras County

Local Government Waste
Tire Clean-up Grants

TCU11-03-4
and TCA1-05-20

Prepared By:
Office of State Audits and Evaluations
Department of Finance

MEMBERS OF THE AUDIT TEAM

Kimberly Tarvin, CPA
Manager

Beliz Chappuie, CPA
Supervisor

Staff

Ngocnhung Tran

This report is also available on our website at <http://www.dof.ca.gov>

You can contact our office at:

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Office of State Audits and Evaluations
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(916) 322-2985

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EXECUTIVE SUMMARY

In accordance with an interagency agreement with the California Integrated Waste Management Board (Board) the Department of Finance, Office of State Audits and Evaluations, performed compliance audits of the following grants provided to Calaveras County (County):

- Local Government Waste Tire Clean-up Matching Grant TCU11-03-4
- Local Government Waste Tire Clean-up and Amnesty Event Grant TCA1-05-20

The objective of the audits was to determine whether the County complied with applicable laws, regulations, and grant requirements. The audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

The following results of the audits are as follows:

- No reportable findings were identified for grant number TCU11-03-4.
- The County claimed \$4,237 in ineligible expenditures to grant number TCA1-05-20. This amount should be returned to the Board.

BACKGROUND, SCOPE, AND METHODOLOGY

Background

As the state's recycling and waste reduction authority, the California Integrated Waste Management Board (Board) implements programs to reduce waste generation, divert materials from landfills, recover resources, remediate illegal sites, and ensure compliance with applicable state standards. The Local Government Waste Tire Clean-up Matching (TCU) Grant Program provides funding to local governments for the removal, transportation, recycling, and disposal of waste tires from illegal tire piles and areas where illegal dumping has occurred along a public right-of-way. The Board's Local Government Waste Tire Clean-up and Amnesty (TCA) Event Grant Program provides funding to local governments for the cost of clean-up, abatement, or other remedial actions related to the disposal of waste tires collected at clean-up projects and amnesty events.

Scope

The Department of Finance, Office of State Audits and Evaluations (Finance), conducted compliance audits of the following grants:

Grant Name	Grant Number	Audit Period	Awarded	Claimed
Local Government Waste Tire Clean-up Matching	TCU11-03-4	7/12/04 – 12/31/05	\$27,240	\$22,279
Local Government Waste Tire Clean-up and Amnesty Event	TCA1-05-20	7/18/06 – 6/30/07	\$23,497	\$19,180

The objective of the audits was to determine whether the County's grant revenues and expenditures were in compliance with applicable laws, regulations, and grant requirements. In order to design adequate procedures to evaluate the fiscal compliance, we obtained an understanding of the related internal controls.

The County is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations and grant requirements. We conducted our audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not assess the efficiency or effectiveness of program operations. The Board is responsible for evaluating the efficiency and effectiveness of the program operations.

Methodology

To determine whether grant revenues and expenditures were in compliance with applicable laws, regulations and the grant requirements, we performed the following procedures:

- Interviewed key personnel.
- Obtained an understanding of the grant related internal controls.
- Examined the grant files.
- Reviewed grantee's accounting records.
- Determined whether a sample of expenditures were:
 - Allowable
 - Grant related
 - Incurred within the grant period
 - Supported by accounting records
 - Properly recorded

The results of the audit are based upon our review of documentation and other information made available to us. The audit was conducted during the June 2008.

The Department of Finance, Office of State Audits and Evaluations, completed audits of grant agreements TCU11-03-04 and TCA1-05-20. The results of each audit based on the audit procedures performed are presented below.

Grant Agreement Number TCU11-03-4

Based on the audit procedures performed, the County claimed and received payment for eligible costs and complied with the requirements of grant agreement number TCU11-03-4. See Table 1 below for total costs budgeted, claimed, and questioned.

Table 1

Grant Number TCU11-03-04 For the Period July 12, 2004 through December 31, 2005		
Categories	Total Claimed	Amount Questioned
Personnel	\$ 1,386	\$ 0
Contracts	20,840	0
Materials and Supplies	52	0
Total	\$22,279	\$ 0

Grant Agreement Number TCA1-05-20

Based on the audit procedures performed, the following finding was identified:

FINDING: The County Claimed \$4,237 in Ineligible Grant Expenditures for Grant Number TCA1-05-20

Condition: The County claimed and was paid for the following:

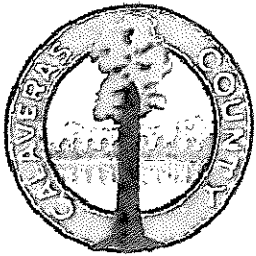
- \$2,100 in ineligible contractor expenses because the contractor did not remove some of the used tires collected until after the grant period ended. The grant agreement stipulates that for costs to be eligible, they must be incurred within the grant period.
- \$2,137 in ineligible administration expenditures for amnesty events when the grant agreement did not allow administration expenditures for amnesty events.

Table 2

Grant Number TCA1-05-20 For the Period July 18, 2006 through June 30, 2007		
Categories	Total Claimed	Amount Questioned
Personnel	\$ 0	\$ 0
Contracts	19,180	4,237
Total	\$19,180	\$4,237

Recommendation: The Grantee should ensure that only eligible project costs are claimed for reimbursement and reimburse the Board for \$4,237 claimed ineligible costs.

RESPONSE



Calaveras County

Environmental Management Agency

Brian S. Moss ♦ Agency Administrator / Director of Environmental Health / Onsite Sewage Department
Mary Mutz ♦ Agricultural Commissioner / Director of Weights and Measures
Lakhmir S. Grewal ♦ Air Pollution Control Officer

September 19, 2008

Department of Finance
Office of State Audits and Evaluation
300 Capitol Mall, Suite 801
Sacramento, CA 95814

Subject: Response to Draft Audit Report – Calaveras County, California Integrated Waste Management Board Grant Agreements TCA 1-05-20 and TCU 11-03-4

On September 16, 2008, the Calaveras County Environmental Health Department (Local Enforcement Agency) received the Draft Audit Report for the TCA 1-05-20 and TCU 11-03-4 grant agreements. As cited in the report, no reportable findings were identified for grant number TCU 11-03-04, however the report cites that \$4,237 should be returned to the Board pursuant to expenditures made under grant number TCA 1-05-20.

We respectfully request that the Board consider waiving part if not all of the \$4,237 that is being recommended to be returned.

Audit Result for TCA 1-05-20

- \$2,100 in ineligible contractor expenses because the contractor did not remove some of the used tires collected until after the grant period ended. The grant agreement stipulates that for costs to be eligible, they must be incurred in the grant period.

County Response

- On June 22-23 the County sponsored the last of five amnesty day events at the Rock Creek Solid Waste Facility. While the amnesty day was completed on June 23rd and the waste tires had all been collected by the conclusion of the event, Golden By Products was not able to retrieve the subject tires until July 5th and 6th thus making this expenditure ineligible for grant funding. Although Golden By Products was unable to pick up the tires collected during the event until after the 30th of June, it is our belief that this cost should be considered eligible as it was directly tied to the event.

Audit Result for TCA 1-05-20

- \$2,127 in ineligible administration expenditures for amnesty events when the grant agreement did not allow administration expenditures for amnesty events.

County Response

- The LEA recognizes and acknowledges that the TCA 1-05-20 grant did not allow for administrative expenditures. County Public Works staff billed for 63.52 hours over the course of the five amnesty day events for a total cost of \$2,136.95. Staff involved in this billing included a Program Coordinator I and a Public Works Analyst III. These individuals performed work including, but not limited to, printing and placing signs at the disposal sites. It was our interpretation that Administrative expenditures actually included grant administrative oversight and not the kind of field activities performed by Public Works staff.

Should you have any questions regarding our response or conclusions, please contact this office at (209) 754-6399.

On a separate note, our experience with the audit process was both positive and productive. Ngocnhung Tran was very helpful and informative throughout the process.

Original signed by:

Brian S. Moss, Administrator
Environmental Management Agency

cc: Mike Miller, Public Works
Susan Villa, Branch Manager, Administration and Finance Division, CIWMB
Jim Lee, Branch Manager, Waste Compliance and Mitigation Program, CIWMB
Diane Nordstrom-Lamkin, Grant manager, Solid Waste and Tire Clean-up Programs, CIWMB
George Mendoza, Audit Manager, Audit and Evaluation Unit, CIWMB
Wes Mindermann, Supervisor, Solid Waste and Tire Clean-up Programs, CIWMB

EVALUATION OF RESPONSE

We received Calaveras County's (County) response to our audit of the Local Government Waste Tire Clean-up and Amnesty Event Grant TCA1-05-20 and Local Government Waste Tire Clean-up Matching Grant TCU11-03-4. The following is the Department of Finance, Office of State Audits and Evaluations (Finance), evaluation of the response:

Finding: The County Claimed \$4,237 in Ineligible Grant Expenditures for Grant Number TCA1-05-20

- The County agreed that \$2,100 was incurred after the grant period ended, but asserts that the costs should be considered eligible because they were related to the amnesty day event that was held prior the end of the grant period. However, the grant agreement stipulates that for costs to be eligible, they must be incurred within the grant period. Therefore, the issue remains as originally stated in the report.
- The County agreed that the grant did not allow administrative expenditures. However, the County's response indicated that the staff activities related to the questioned amounts included field activities such as printing and placing signs at the disposal sites. Previously, the County had indicated to us that these amounts included activities to arrange and advertise these events including the following specific activities:
 - Coordination with the recycler
 - Coordination with the site staff and contractors
 - Development and placement of advertisements
 - Tracking of paperwork and invoices

Grant agreement TC41-05-20, Exhibit B, Item 6 states the ineligible costs include the development and distribution of education materials or advertising of the amnesty event. Additionally, the grant agreement indicates that salaries and benefits for personnel involved in the amnesty events are ineligible costs. Therefore, the issue remains as originally stated in the report.